

Message Text

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PAGE 01 BRASIL 09123 201955Z

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ACTION ARA-10

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AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E. O. 11652: N/A

TAGS: EFIN; ETRD; BR

SUBJECT: BRAZILIAN REACTION TO SECRETARY KISSINGER'S SPEECH
AT 7SS

1. DURING RECENT MEETING WITH FINATT, PAULO LIRA,
PRESIDENT OF BRAZIL'S CENTRAL BANK, MADE THE FOLLOWING
COMMENTS ON SECRETARY'S 7TH SPECIAL SESSION SPEECH:

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PAGE 02 BRASIL 09123 201955Z

A. AS A POLITICAL SPEECH, IT WAS EXCELLENT:

B. U.S. PROPOSALS, HOWEVER, FORESEE LITTLE ASSISTANCE FOR COUNTRIES LIKE BRAZIL, WHICH HAVE TO RELY ON PRIVATE CAPITAL MARKETS TO FINANCE THEIR EXTERNAL DEFICITS;

C. BRAZIL ALREADY HAS ACCESS TO CAPITAL MARKETS, SO KISSINGER'S EMPHASIS ON LDC'S ACCESS TO CAPITAL MARKETS DOES NOTHING FOR BRAZIL;

D. PROPOSAL TO INCREASE THE RESOURCES OF THE IFC IS IN THE RIGHT DIRECTION, BUT DOES NOT GO FAR ENOUGH;

E. COUNTRIES LIKE BRAZIL, WHICH HAVE ALREADY BORROWED SIGNIFICANT AMOUNTS ON COMMERCIAL TERMS FROM THE PRIVATE CAPITAL MARKETS NOW NEED INCREASED ACCESS TO THE IBRD AND IDB FOR LONGER TERM MONEY IN ORDER TO KEEP THEIR FOREIGN DEBT PROFILE UNDER CONTROL. ACCORDING TO LIRA, BRAZIL WOULD LIKE TO SEE A SUBSTANTIAL INCREASE IN THE LENDING POTENTIAL OF THESE MULTILATERAL INSTITUTIONS. GIVEN THE PRESENT WORLD-WIDE ECONOMIC RECESSION, HE FEELS THIS INCREASED LENDING WOULD ALSO HELP THE ECONOMIC RECOVERY BY EXPANDING WORLD TRADE. HE SAID BRAZIL WILL BE PURSUING THIS PROPOSAL IN THE DEVELOPMENT COMMITTEE.

2. COMMENTING ON FOREIGN MINISTER SILVEIRA'S SPEECH AT THE U.N., LIRA SAID THE EMPHASIS IN THAT SPEECH IS NOT QUITE IN LINE WITH BRAZIL'S NEEDS AT ITS CURRENT STAGE OF DEVELOPMENT AND THAT HE IS NOW WORKING WITH ITAMARATY TO GET THIS EMPHASIS CHANGED. HE NOTED THAT SILVEIRA'S PROPOSAL FOLLOWS THE "TRADITIONAL APPROACH." WHAT HE (LIRA) WOULD LIKE TO SEE IS GREATER STRESS IN THE BRAZILIAN PROPOSAL ON BRAZIL'S NEEDS FOR ACCESS TO INCREASED AMOUNTS OF LONGER TERM CAPITAL.

3. IN THE FIRST MEETING OF THE US/BRAZIL TRADE CONSULTATIVE SUBGROUP OCTOBER 8 AND 9 AMBASSADOR LUIZ SOUTO MAIOR REFERRED TO THE "BEAUTIFUL, PROFESSIONAL TONE" OF THE SECRETARY'S SPEECH TO THE 7TH SPECIAL SESSION. IN A SOMEWHAT BACKHANDED COMPLIMENT SOUTO MAIOR OBSERVED THAT "PROFESSOR KISSINGER USED PHRASES FROM THE GROUP OF 77." THE AMBASSADOR EXPRESSED WHAT APPEARS TO BE GENUINE BRAZILIAN APPRECIATION FOR THE EXTENT TO WHICH THE SPEECH, LIMITED OFFICIAL USE

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PAGE 03 BRASIL 09123 201955Z

AS SOUTO MAIOR EXPRESSED IT, "DEFUSED A FEW BOMBS." IN NO INSTANCE, HOWEVER, FORMALLY OR INFORMALLY, DID THE GOB REPRESENTATIVES AT THE MEETING INITIATE OR RESPOND TO ANY OF THE SPECIFIC PROPOSALS IN THE SECRETARY'S SPEECH. WHEN THE U.S. CO-CHAIRMAN ALBERT FISHLOW OUTLINED A NUMBER OF THE INITIATIVES IN THE SECRETARY'S SPEECH, THERE WAS NO REACTION ON THE BRAZILIAN SIDE. EMBASSY

BELIEVES LITTLE STAFF WORK HAS BEEN DONE IN GOB
ON US PROPOSALS TO DATE. (SEE ALSO BRASILIA'S 9081.)
JOHNSON

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